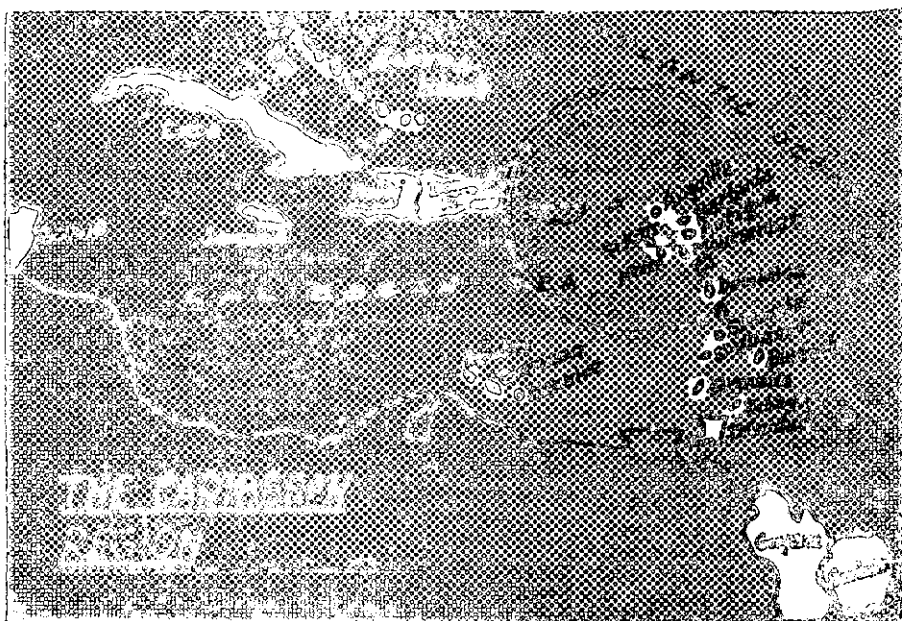


CARIBBEAN
DEVELOPMENT
IN
CO-OPERATION
COMMITTEE



CDCC/WP/78/9

10 January 1978

SECTION 1: A PROPOSAL FOR THE CREATION OF THE
CARIBBEAN INSTITUTE FOR MINERAL AND
HYDROCARBON RESOURCES

Submitted by the Dominican Republic Delegation
to the Second Session of the CDCC, Santo Domingo,
16 - 22 March, 1977

SECTION 2: NOTE BY CDCC SECRETARIAT ON THE PROPOSAL

10 JUL 1978



UNITED NATIONS

GENERAL COMMISSION FOR THE DEVELOPMENT OF THE CARIBBEAN

SECTION 1

CREATION OF THE CARIBBEAN INSTITUTE FOR MINERAL AND HYDROCARBON RESOURCES

I. Foreword

1. What is presented here should be viewed as a suggestion, or the outline of an idea, and therefore it must obviously be thought out carefully and weighed up in detail, taking into account the objectives of the CDCC as set forth in its Constituent Declaration of Havana.
2. It does not consider the questions of operational machinery and the contributions of countries because it is a suggestion, and as such depends on the reaction of the delegates who must decide on whether it is necessary,
3. If the delegates consider it worthy of study, our country would consider it an honour to accept the responsibility of hosting the work of the feasibility studies on the project and perhaps of its implementation.

We are pleased to state that mining in our country has shot forward in the last seven years: exports have risen from US\$13 million in 1970 to US\$200 million in 1976.

In addition, we are currently executing a number of exploration projects on what could be termed a giant scale, and these are revealing signs of fairly promising reserves of various resources which include gold, silver, nickel, copper, coal, petroleum, mercury, salt, gypsum, limestone, and bauxite, to mention but the more outstanding ones.

II. Introduction

1. Non-renewable resources constitute today one of the most important natural elements for mankind because of the part they play in world economic activity.
2. Mineral resources are the best known non-renewable resources, and one of their characteristics is that they are selectively concentrated and distributed in specific areas or regions of the globe.

3. Since their total supply is limited and they are necessary for the development processes, it is essential for the countries endowed with such resources to acquire the necessary knowledge to be able to make full use of them in their economic and social development.
4. As is logical, it is by uniting that the developing countries with similar mineral resources will be able to create the necessary and sufficient conditions to begin to make full use of their resources. In particular, the execution of joint projects in areas of common interest may be the best form of establishing a policy of economic co-operation and complementarity among the countries of the Caribbean.

III. Diagnosis of mining in the subregion

1. The processes of extraction, preparation, concentration, smelting and metal-working, as well as marketing methods, are almost entirely the exclusive concern of a handful of multinational corporations, and the countries themselves are often excluded from these activities without even knowing the real transfer price of their resources.
2. The Caribbean subregion possesses a large number of known mining resources which are currently being assessed or exploited by multinational companies.
3. The more important of these include:
 - (a) Petroleum and natural asphalt in Trinidad and Tobago
 - (b) Bauxite in Jamaica, Dominican Republic, Haiti, Surinam and Guyana
 - (c) Iron and nickel in the Dominican Republic and Cuba
 - (d) Copper in Haiti and the Dominican Republic
 - (e) Aragonite in the Bahamas
 - (f) Gypsum and limestone in Jamaica, Haiti, Dominican Republic, Guadeloupe and others
 - (g) Rock-salt in a number of countries
 - (h) Gold in the Dominican Republic and Guyana
 - (i) Kaolin and clays in Guyana, and Dominican Republic and others
 - (j) Lignite in Haiti and the Dominican Republic

4. In the case of some of the minerals and metals listed above, the subregion possesses reserves and produces quantities which are clearly decisive in world reserves and production, as in the case of bauxite, of which the subregion accounts for 12 per cent and 42 per cent of world reserves and production, respectively.
5. Furthermore, in the countries where they operate the exploitation of the mining resources by the multinationals creates the well-known 'economic enclaves' which do not produce regional development because they do not lead to vertical and horizontal integration in mining and industry.
6. The fact that today mining calls for heavy investment is one of the more severe limitations on the developing countries to begin to exploit those resources.
7. To increase the value added to minerals, through the integration of mining and industry and the development of metal-working industry and crafts (gold, silver, gypsum, marble) would lead to a substantial improvement in levels of employment, income and export earnings for the countries of the area.
8. The benefits obtained by the host countries are insignificant from the economic and social point of view compared with those obtained by the corporations exploiting their resources.
9. The Caribbean subregion, with a population of over 25 million and considerable consumer purchasing power, is a basic market to begin making integrated use of mining resources.
10. Only by joining up the economic, financial and technical resources of the region will it be possible to initiate a process of scientific and technological development in mining, in view of the shortage of these factors in each individual country of the area.
11. It will be possible to consolidate the countries' efforts only by mastering the technological knowledge needed for the rational exploitation of mining resources; hence the need to create a Caribbean Institute of Mining and Hydrocarbon Resources.

IV. Objectives of the Institute

12. The fundamental objective will be to develop the scientific and technological knowledge to enable the member countries to make rational use of their non-renewable resources for the consolidation of the development of their peoples and of the region in general.

13. The immediate, specific objectives would be:

(a) To co-ordinate the scientific resources (personnel, studies, etc.) of the member countries in order to form a geological, mining, metallurgical, economic and legal information centre, as well as for information on any other activity related to renewable resources.

(b) To diagnose the situation of the non-renewable resources of the region and their relationship with the centres of consumption.

(c) To advise national policy and planning bodies on the economic policy models to adopt.

(d) To carry out market studies, projects profiles and pre-feasibility studies to determine the possibilities of exploiting the mineral resources of the region.

14. Longer-term objectives would be:

- (i) Installation of scientific research centres in the field of non-renewable resources.
- (ii) Creation of a research body to determine the potential of non-renewable resources.
- (iii) Preparation of projects for submission to international financing bodies for implementation.
- (iv) Follow-up and advisory services to national and regional companies exploiting mineral resources.

SECTION 2

NOTE BY CDCC SECRETARIAT

Introduction

The Constituent Declaration of the Caribbean Development and Co-operation Committee (CDCC) made in Havana, at its first session in October/November 1975 emphasizes the political will and resolution of the Governments, Members of the Committee, to pursue policies to promote the economic and social development of the countries of the Caribbean sub-region. Paragraph one of the resolutions declares the will to:

"carry out a policy for the optimum utilization of the available resources of the sub-region"

and paragraph seventeen (17) to:

"collaborate on the identification and utilization of a complex base of raw materials within the sub-region"

The fundamental underlying theme of these paragraphs, that of collaboration and co-operation, is central to the Declaration and forms a unifying chain among the several resolutions.

The following proposal by the CDCC Secretariat for the formation of a Caribbean Institute for Mineral and Hydrocarbon Resources is based on an original proposal submitted by the Dominican Republic to the Second Session of the CDCC.^{1/} It is felt that this is an area in which collaboration at the sub-regional level would contribute to the

^{1/} Meeting held at Santo Domingo, 16-22 March 1977. See Annex 2 to the Report of the Session (E/CEPAL/CDCC/21/Rev.1).

fulfilment of the objectives of the CDCC as enunciated in the Constituent Declaration.

1. The Problem

The Caribbean sub-region is known to possess reserves of mineral and hydrocarbon resources. For many of these no firm or reliable estimates are available. Among the important minerals of the sub-region are:

- (a) Crude Petroleum and natural asphalt in Trinidad and Tobago.
- (b) Bauxite in Dominican Republic, Guyana, Haiti, Jamaica and Suriname.
- (c) Iron and nickel in the Dominican Republic and Cuba.
- (d) Copper in Haiti and the Dominican Republic.
- (e) Lime carbonate in the Bahamas.
- (f) Gypsum and calcium carbonite in Jamaica, Haiti, Dominican Republic, Guadeloupe and others.
- (g) Rock salt in many countries of the area.
- (h) Gold in the Dominican Republic and Guyana.
- (i) Kaolin in Guyana, the Dominican Republic and others.
- (j) Lignite in Haiti and the Dominican Republic.

National planners and policy-makers, especially in those countries where transnational corporations have control of the operations, have little of the knowledge and skills associated with the exploration, production and marketing of minerals and mineral products.

Institutions of learning in the region have been mainly concerned with the dissemination of knowledge rather than creation of knowledge by means of research. Research activities related to minerals and hydrocarbons have remained neglected to a large extent.

The integrated characteristic of the transnational firm ensures that most research is done outside the sub-region and transported to the domestic subsidiary firm when it suits their needs. In any case, whatever research is done by the private firm, or foreign governments, is not generally available for dissemination for the social and economic advancement of individual domestic economies or for the sub-region generally.

Wherever research on minerals and hydrocarbons has been conducted in the sub-region the results have largely remained within national boundaries on account of the absence of an appropriate forum for dialogue and the sharing of experiences in this area. Considerable scope therefore exists both at the country and the sub-regional levels for rationalization of research and of financial resources allotted for research on minerals and hydrocarbons, in order to obtain the maximum possible benefit. Collaboration and co-operation among countries of the CDCC in establishing and operating the proposed institute would serve to reduce the overall cost of research and foster greater productivity by means of the pooling of the technical personnel and financial resources of the region.

2. Aims and Objectives of the Institute

The fundamental objectives of the institute would be the development of knowledge - economic, scientific and technological related to minerals and hydrocarbon resources which exist in the CDCC countries, the optimization of which would enhance the economic and social development of the peoples of the sub-region.

The immediate objectives would be:

(i) to appraise and co-ordinate the relevant scientific resources (human, studies, etc.) of member countries with the aim of forming a centre for information on geology, mining, metallurgy, economy and law and any other activities related to non-renewable resources. These exercises could be co-ordinated with the activities of the Industrial Unit of the CDCC Secretariat as well as those of the CDCC Documentation Centre.

(ii) to collect and disseminate technical information in the field of natural resources.

(iii) to identify projects, carry out marketing surveys and feasibility studies, etc. at the request of the CDCC Secretariat or otherwise in order to determine possibilities for more rational utilization of non-renewable mineral resources of the region.

Long-term objectives:

(i) establishment of a permanent scientific and economic research centre in the field of non-renewable resources, with subsidiary specialized units in some countries of the sub-region depending on the geographical concentration of specific mineral resources and the existence of other related facilities.

(ii) to advise national policy and planning organizations on appropriate economic policies with respect to exploitation of their natural resources, as well as on negotiations with transnational corporations, wherever they might be active in the region.

3. Nature of the Institute

(a) The setting up of the Institute will be a joint venture among the Governments of CDCC countries and international organizations.

(b) The Institute will be a non-profit organization in that it will not generate income from its activities. Its annual budget should therefore be pre-determined and originate from contributions of member governments of the CDCC, UN organizations, with provision for accepting untied assistance from countries outside of the sub-region.

(c) The Institute will be autonomous; collaboration and co-ordination with research universities or other research institutes in the region will be pursued.

(d) Research activities will be oriented both towards the solution of practical problems, especially in response to requests from governments, as well as the advancement of the general state of knowledge in the field.

4. Organizational Structure

The general structure of the Institute will consist of a Co-ordinating Committee, a Board of Management consisting of Director and Co-Director and a Business Manager. There will be three departments involved in substantive work, namely, Division of Hydrocarbons, Division of Bauxite, Division of Metallic and non-metallic Minerals.

5. The Co-ordinating Committee

The Co-ordinating Committee will be a technical body comprising representatives of the Governments of the CDCC region. Members of the Committee

should be selected on the basis of skilled or experienced in some field related to minerals and hydrocarbons. Their function will be to give direction in the formulation of policy, represent the interests of their respective governments in relation to the direction of research and to approve research originating from the staff of the Institute.

6. Management

The day-to-day Management of the Institute will be vested in the Director, Co-Director and a Business Manager, who will be responsible to the Co-ordinating Committee. The Co-Director should be a national of the region and will assist a highly qualified UN expert, who will be Director in the initial stages. The Business Manager will be responsible for General Administration including Accounting and Office Services.

7. Location

In the short-term, a single country may be designated to provide the site for the Institute. This site would serve as headquarters when subsidiary units are established in other countries in the medium or long-term.

8. Staff

Professional personnel for the Institute should be recruited as far as possible from personnel available in the region. Wherever the required expertise is not available locally, experts will be recruited internationally. It is envisaged that the Professional services of the Institute will require nine employees, namely, three experts recruited internationally to head the three designated subject divisions, one of which will be under the direction of the Director, three counterpart staff, namely a Co-Director and two Research fellows and three Research Assistants. Other supportive staff are expected to number seven.

9. Financing

A system of financing would have to be worked out. Governments of the CDCC countries will contribute towards the provision of floor space, equipment and the payment of salaries for regional personnel associated with the Institute.

The UNDP and UNIDO should be approached for assistance over a five-year period in the first place. It is envisaged that UNDP and UNIDO will be active in the provision of technical expertise in the setting up of the Institute initially and the provision of experts in the early stages. Fellowship for area personnel will also be considered.

